

STATE OF CALIFORNIA
TRADE AND COMMERCE AGENCY
Economic Benefit Survey and Questionnaire for a Capital Access Company
Licensee (CAC)

Introduction

The Capital Access Company Law in Section 28506 of the Corporations Code states that the Commissioner, on behalf of the Trade and Commerce Agency, shall forward economic benefit surveys and questionnaires to the licensees for their completion. The surveys and questionnaires shall be for the purpose of evaluating the economic benefits to the State of California resulting from the activities of the capital access companies licensed under this division. The information requested from the licensees shall be reasonable in scope and shall include, but not be limited to, the number and type of jobs created and retained by the small business firms provided financing assistance, and aggregate data on tax revenues. The Trade and Commerce Agency shall compile and make this information available to the public annually.

General Instructions

The information required in this form is aggregate data of the companies in the CAC's portfolio. The information should be provided from data of the immediate previous calendar or fiscal year. All the information requested is aggregate data. Again, all the data shall reflect the immediate prior calendar or fiscal year. Nowhere in the questionnaire are CACs asked to provide individual names of companies or other information that will jeopardize information confidentiality or other similar concerns. The information needs to be as accurate as possible.

Form in the Internet

This form is available for reading, downloading, completion and submission electronically. The form can be accessed at the following website: <http://commerce.ca.gov/small>.

Just follow the instructions in the website.

Definitions

The following definitions were taken from a venture capital study by Drs. Gus Koehler and Rosa M. Moller of the California Research Bureau, California State Library *Business Capital Needs in California: Designing a Program*. Page 13 of that study is referenced in its entirety below. This information and related definitions will be useful in completing the Economic Benefit Survey and Questionnaire.

EARLY-STAGE FINANCING IS CRITICAL TO THE INITIAL DEVELOPMENT AND GROWTH OF GAZELLES

As a company develops, its financing needs and available sources for capital change. Business financing can be divided into two stages: early-stage and later-stage. Early-stage financing funds the founding of a company up to the point where it is just about to make a profit and includes seed, start-up, first stage, and some second stage funding (see definitions below). Later-stage financing includes: second stage, mezzanine, bridge, and expansion financing. Later-stage financing can lead to making a public stock offering, sale of the company, or expansion.

- *Seed financing:* Capital provided to an entrepreneur to prove a concept or to develop a product. It rarely covers initial marketing costs.
- *Start-up financing:* Capital provided to companies for product development and initial marketing. Companies are generally in the process of organizing or are less than a year old. They have not yet sold their product commercially. Key managers are assembled, a business plan is developed, and some market studies conducted.
- *First stage financing:* Capital provided to companies that have expended their initial capital (often in developing a prototype), requiring funds to initiate commercial manufacturing and sales.
- *Second stage financing:* Working capital for the initial expansion of a company that has growing accounts receivable and inventories. Although the company has made progress, it may not yet be showing a profit.
- *Mezzanine financing:* Capital for a major company expansion when sales volume is increasing and the company is breaking even or is profitable. The additional capital supports further expansion, marketing or development of an improved product.
- *Bridge financing:* Financing for a company expecting to go public within six months to a year.
- *Expansion stages:* Capital supports expanded manufacturing, marketing and other capabilities to meet growing opportunities, including designing new products and refining manufacturing processes.

Capital requirements vary from stage-to-stage in the life of a firm. *The 1995 White House Conference on Small Business* defined a firm's need for seed and start-up capital as between \$250,000 to \$5,000,000. A new business requires \$4.2 million to \$16.5 million (or more, depending on the industry) in funding for its first five years:

- ◆ Seed or conceptualizing the company - \$50,000 to \$250,000
- ◆ Start-up - \$100,000 to \$1 million
 - First stage (involving product prototype, proof of concept, some marketing, etc.) - \$250,000 to \$2 million
- ◆ Second stage:
 - Expansion of marketing - \$1 million to \$5 million
 - Expansion of production capabilities - \$3 million to \$10 million
- ◆ Mezzanine, Bridge, and Expansion (leading to public offering) - \$2 million to \$20 million.

Source: California Research Bureau, California State Library *Business Capital Needs in California: Designing a Program*, Page 13.

If you have any questions regarding this form call (916) 322-5790 and ask for the Office of Small Business Advocacy Unit.

This form should not be returned with the application filed with the Department of Corporations. This form must be submitted by February 15 of each year with information from the previous calendar year. For tax information, use the last calendar year or the latest fiscal year. Send the completed form to:

**California Trade and Commerce Agency
Office of Small Business
801 K Street, Suite 1700
Sacramento, CA 95814**

Authority: Corporations Code, Section 28506

FOR TCA USE
Co. Code _____

**STATE OF CALIFORNIA
TRADE AND COMMERCE AGENCY**

Economic Benefit Survey and Questionnaire for Licensee of a Capital Access Company

Please Type or Print with Black Ink

Name of Capital Access Company: _____ File No. _____
(Company Name)

Name under which business is conducted, *if different from above*: _____
(Company Name)

Main Office:

(Address)

No. of Office Branches: _____

Location and Branch(es) Address: _____

Number of applications for managerial, technical and financial assistance received in the previous calendar year: _____

Number of firms actually assisted in the previous calendar year: _____

How many companies assisted were given any form of financial assistance in the previous calendar year? _____

TYPES OF FINANCIAL ASSISTANCE

Form of financial assistance provided in the previous calendar year:

Equity Financing Exclusively: Total # _____ Total \$ _____

Equity and Debt Financing Combined: Total # _____ Total \$ _____

Other Form of Financing: Total # _____ Total \$ _____

TABLE 1: FINANCIAL ASSISTANCE

Of companies financially assisted, please state the number (#) of investment rounds by stage of financing and dollar (\$) amount. Please provide this data for the previous calendar year. Only enter data where appropriate. Leave all other categories blank.

[illegible]

TABLE 2: JOBS

Of the companies financially assisted during the previous calendar year, please enter the number of jobs created or retained. As in the previous table, this data should reflect the previous calendar year. Only enter data where appropriate. Leave all other categories blank.

[illegible]

TAX INFORMATION (C-CORPORATIONS)

Please provide tax aggregate data for C Corporations in the investment portfolio of your Capital Access Companies using information from the prior tax year. Information should be obtained from tax returns for each company. Provide the following data: 1) Federal data found on IRS form 1120, line 31; 2) California tax data found on FTB form 100, line 23; and, 3) the total tax. Provide only the aggregate information of all C Corporations in your portfolio. Only enter data where appropriate. Leave all other categories blank.

[illegible]

TAX INFORMATION (SUB CHAPTER S CORPS., LLCs, LLPs, AND OTHERS)

Please provide tax aggregate data for Sub Chapter S Corporations, LLCs, LLPs and others; provide aggregate tax data by estimating to the best of your ability using information from the prior tax year. Information should be obtained from tax returns for each company. Provide the following data: 1) Federal data found on IRS form 1120, line 31; 2) California tax data found on FTB form 100, line 23; and, 3) the total tax. Provide only the aggregate information of all the above mentioned entities in your portfolio. Only enter data where appropriate. Leave all other categories blank.

[illegible]